

The Investment Tax Credit for Offshore Wind

The Investment Tax Credit (ITC) is a vital component to the development of a wealth of untapped, domestic energy resources. Offshore wind has the potential to play a significant role in diversifying America's energy portfolio. As projects along our coasts begin to secure financing and pass regulatory standards, the expiration of the ITC for offshore wind would cripple the momentum of an industry poised to create good-paying American jobs and clean, renewable energy.

How it currently works

The American Recovery and Reinvestment Act of 2009 allows wind, namely, offshore wind, facilities to receive a 30 percent of capital expenditures investment tax credit, or a treasury grant up front, in lieu of credit, for any size wind project placed in service by December 31, 2013.¹ This provision helps finance offshore wind facilities and it is expiring this year.

Why offshore wind is different than onshore wind

Offshore wind is a burgeoning industry in the United States. Currently there are no operating facilities, however, many projects are in advanced phases. Offshore wind typically requires longer timelines for development and construction than onshore wind facilities. Therefore, it is imperative that if the United States is to realize the economic and environmental benefits assured through an offshore wind industry, it provide a tailored incentive approach to attract investment and reflect the distinct realities of offshore production.

Bigger blades, more electricity

Offshore turbines are typically placed in areas with larger wind resources. Higher capacity turbines mean more energy generated and more emissions reduced—a displacement per gigawatt (GW) of approximately 2.7 million tons of carbon dioxide per year.²

Offshore wind creates American manufacturing jobs and revitalizes port industries

An offshore wind industry would build upon the benefits of traditional onshore wind. In the past five years, the American wind industry has created close to 30,000 manufacturing jobs – 75,000 overall – in almost 500 facilities.³ Based on the successes in Europe, an American offshore wind industry could see 43,000 permanent jobs through 54 GW of capacity.⁴ These jobs

directly stimulate depressed sectors of our economy and bring new life to American ports.

Without appropriate incentives, turbines do not spin and jobs are lost

The United States is last in offshore wind facility permitting, construction and installation. Europe is the global leader with nearly 25,000 MW planned and a fertile private investment landscape.^{5,6}

As the expiration of the ITC for the offshore wind industry approaches, American developers and manufacturers are feeling the pressure. Projects aimed at generating renewable energy and job growth are forced to put the brakes on both due to unclear federal support.⁷ The ITC for offshore wind sends a strong signal that the United States is serious about competing globally in this industry and clean energy as a whole



Investment Tax Credit for Offshore Wind in 2013 and Beyond

The ITC for offshore wind is an investment in American jobs, American manufacturing and renewable, American energy. Offshore wind can play a central role in our economy by providing renewable, domestic energy and good jobs around the country. As part of the legislation addressing the “fiscal cliff” in early 2013, Congress passed a one-year extension of the ITC for offshore wind.⁸

1. http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US02F
2. http://www1.eere.energy.gov/wind/pdfs/national_offshore_wind_strategy.pdf
3. http://www.awea.org/newsroom/pressreleases/Annual_Report.cfm
4. http://www1.eere.energy.gov/wind/pdfs/national_offshore_wind_strategy.pdf
5. http://www.americanprogress.org/issues/2012/01/offshore_wind.html
6. <http://www.bloomberg.com/news/2012-04-20/green-giraffe-sees-funds-available-for-eu-offshore-wind-plans.html>
7. <http://www.delmarva.com/welcome/news/releases/archives/2011/article.aspx?cid=1939>
8. <http://www.gazette.net/article/20130104/NEWS/701049641/1034/offshore-wind-gains-strength-with-federal-tax-credit-extension&template=gazette>



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